

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BOARD OF ADMINISTRATION

INVESTMENT COMMITTEE

April 17, 2006

Chief Investment Officer's

Consolidated Investment Activity Report

(February 2006 Reporting Period)

Market Environment – February 28, 2006

General Market Commentary

Domestic and International markets were flat during the month. A drop in energy costs pushed wholesale prices down by the largest amount in nearly three years. Core inflation increased by 0.3% during the month.

Domestic and International Equities

The equity markets were led by domestic equities during the month, with the Russell 3000 index returning 0.2%. In the United States, large and small capitalization value equities beat their growth counterparts. Large-cap growth equities posted a monthly loss of (0.2%) (Russell 1000 Growth), underperforming the large-cap value equity return of 0.6% (Russell 1000 Value). Small-cap value stocks had a flat month with a return of 0.0% (Russell 2000 Value), while small-cap growth stocks had a loss of (0.5%) (Russell 2000 Growth). Outside the U.S., developed and emerging markets fell in U.S. dollar terms. The MSCI EAFE Index of developed nations fell by (0.2%) and the MSCI Emerging Markets Free Index fell (0.1%).

Domestic and International Fixed Income

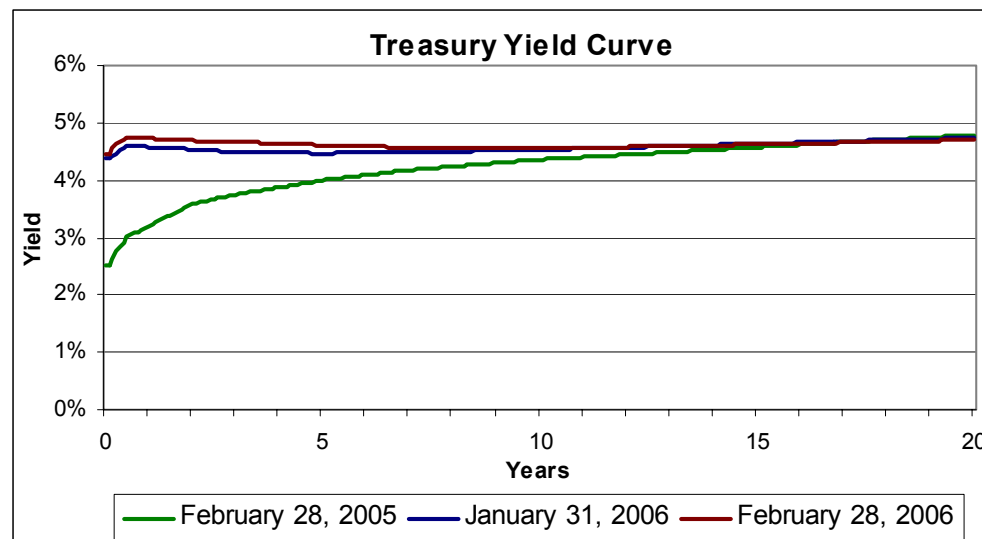
U.S. Fixed income securities experienced minimal returns in February as bond yields increased slightly. The benchmark, Lehman Brothers Aggregate Bond Index, returned 0.3% in the month, while 90-day Treasury Bills rose 0.3%. Outside the U.S. the Citigroup World Government Bond Index ex US fell by (0.7%), in U.S. dollar terms, as the dollar appreciated versus the Euro and the Pound.

Real Estate

Real estate, as measured by the NAREIT Equity Index, rose by 1.8% in February. The NCREIF Index of Real Estate Properties returned 5.4% in the quarter ended December 2005.

Private Equity, Absolute Return Strategies

The Venture Economics All Private Equity Index returned 20.4% for the 12 months ended June 2005 and 12.7% for the 10 years ended June 2005. Absolute Return funds (CSFB/Tremont Hedge Fund Index) returned 0.3% in February 2006.



MARKET INDICATORS	2/28/2005	Direction	1/31/2006	Direction	2/28/2006
1m LIBOR (fixed in \$)	2.72%	▲	4.57%	▲	4.63%
Federal Funds	2.50%	▲	4.50%	—	4.50%
10Y Treasury Note Yield	4.36%	▲	4.53%	▲	4.55%
30Y Treasury Bond Yield	4.71%	▼	4.68%	▼	4.50%
DJ-Wilshire 5000 Comp	11,859.80	▲	12,930.07	▼	12,901.14
S&P 500	1,203.60	▲	1,280.08	▲	1,280.66
NASDAQ Composite	2,051.72	▲	2,305.82	▼	2,281.39
FTSE 100 Index	4,968.50	▲	5,760.30	▲	5,791.50
Nikkei 225 Index	11,740.60	▲	16,649.82	▼	16,205.43
Yen/\$ (Dollar Strength)	104.250	▲	116.880	▼	115.820
Euro/\$ (Dollar Strength)	0.753	▲	0.823	▲	0.839
GBP/\$ (Dollar Strength)	0.520	▲	0.561	▲	0.570
Crude Oil per Barrel	\$ 51.75	▲	\$ 67.92	▼	\$ 61.41
Gold (\$/oz Daily Spot)	\$ 435.45	▲	\$ 568.75	▼	\$ 556.00
GS Commodities Index	\$ 355.94	▲	\$ 453.92	▼	\$ 415.86

CalPERS Asset Allocation – February 28, 2006

Summary

- Total Fund Market Value was \$207.1 Billion
- Total Fund Book Value was \$160.8 Billion
- All Asset Classes are within their permissible ranges relative to target ranges and strategic target levels.

Book to Market Value Comparison

	Book Value (\$ Billion)	Market Value (\$ Billion)	Difference (\$ Billion)
Total Cash Equivalents	\$3.4	\$3.4	\$0.0
Total AIM Direct/Partnership	\$12.4	\$10.6	-\$1.8
Total Global Fixed Income	\$51.6	\$52.1	\$0.4
Domestic Equities ¹	\$48.9	\$83.8	\$34.9
International Equities	\$36.4	\$48.0	\$11.6
Total Global Equities	\$85.3	\$131.8	\$46.6
Total Real Estate	\$8.2	\$9.3	\$1.1
Total Equities and Real Estate	\$93.5	\$141.1	\$47.7
Total Fund	\$160.8	\$207.1	\$46.3

¹ Included is MDP Investment - LM Capital Investment: Total Book Value=**\$184.1M**, Total Market Value=**\$181.1M**.

* Figures for this report are rounded for viewing purposes. Calculations are based on actual values. When summing net amounts on this report, there may be breakage.

Top Company Exposures

- As a very significant institutional investor, CalPERS has large exposures to the securities of many corporations either through internal or externally managed portfolios. Consistent with board requested information and in support of the Board of Administration's oversight role, a schedule of the top 20 company exposures is prepared for informational purposes and can be found on Page 4.

CalPERS Total Fund Top 20 Company Exposures

Based on Total Market Values as of 2/28/2006

Company Name	Equity Exposure				Total Equity Market Value	Fixed Income Exposure				Total FI Market Value	Real Estate	TOTAL Market Value	% of Total Fund(3)
	Internally Managed		Externally Managed			Internal	External	Sec. Lending(2)	Exposure (1)				
	Active	Passive	Active	Passive									
GENERAL ELECTRIC	274,355,273	1,275,520,350	184,682,199		1,734,557,822	92,670,854	79,033,169	746,498,475	918,202,498		2,652,760,320	0.91%	
EXXON MOBIL CORP	242,282,914	1,384,947,738	240,366,926		1,867,597,578				0		1,867,597,578	0.89%	
BANK OF AMERICA CORP	90,336,421	784,882,079	151,662,401		1,026,880,901	68,183,508	14,409,564	356,423,000	439,016,072		1,465,896,973	0.53%	
MICROSOFT CORP	170,702,746	1,050,442,310	190,131,164		1,411,276,220				0		1,411,276,220	0.68%	
CITIGROUP	110,690,847	891,991,868	192,069,687		1,194,752,402	88,957,546	27,637,137		116,594,683		1,311,347,085	0.63%	
HSBC HOLDINGS	0	219,595,849	126,827,298	215,738,627	562,161,774	165,535,176	269,995,995	202,472,354	638,003,525		1,200,165,299	0.48%	
BERKSHIRE HATHAWAY	121,874,104	493,201,952	20,475,200		635,551,256	209,934,887	1,007,079	200,084,500	411,026,466		1,046,577,722	0.41%	
WAL MART STORES INC	137,445,109	690,587,856	50,192,962		878,225,927	151,852,618	4,241,148		156,093,766		1,034,319,693	0.50%	
PFIZER INC	104,290,754	713,313,459	145,751,174		963,355,387	23,264,673			23,264,673		986,620,060	0.47%	
PROCTER + GAMBLE CO	117,931,213	748,823,672	93,749,398		960,504,283	10,035,676			10,035,676		970,539,959	0.46%	
JOHNSON + JOHNSON	138,756,632	632,795,225	111,600,369		883,152,226	29,943,718			29,943,718		913,095,944	0.44%	
JPMORGAN CHASE & CO	116,985,251	530,078,120	84,319,721		731,383,092	49,608,212	9,094,278	99,770,430	158,472,920	8,828,590	898,684,602	0.38%	
PRUDENTIAL FINL INC	261,234,936	157,254,048	252,541,613		671,030,597		207,973,653		207,973,653		879,004,250	0.42%	
AMERICAN INTL GROUP INC	86,421,424	638,071,308	72,649,136		797,141,868	18,843,616	29,505,895		48,349,511		845,491,379	0.40%	
VERIZON COMMUNICATIONS	49,967,934	365,401,922	66,195,259		481,565,115	294,633,500	9,514,549		304,148,049		785,713,164	0.38%	
CHEVRONTXACO CORP	81,046,880	467,620,512	95,204,665		643,872,057	127,544,471			127,544,471		771,416,528	0.37%	
THORNBURG MTG CAP RES	0	0	0		0	0		731,709,010	731,709,010		731,709,010	0.00%	
CISCO SYS INC	103,455,282	489,923,368	68,696,179		662,074,829	30,796,703			30,796,703		692,871,532	0.33%	
TOTAL SA	0	176,488,576	130,852,452	172,454,734	479,795,762		207,973,653		207,973,653		687,769,415	0.23%	
INTERNATIONAL BUSINESS I	110,072,430	469,660,768	61,908,691		641,641,889	17,225,321	3,369,634		20,594,955		662,236,844	0.32%	

(1) Real Estate exposure data only includes the 20 companies with the highest annual lease revenues for each core partnership, excludes properties in escrow. The market value exposures are calculated based only on two years of expected lease revenues.

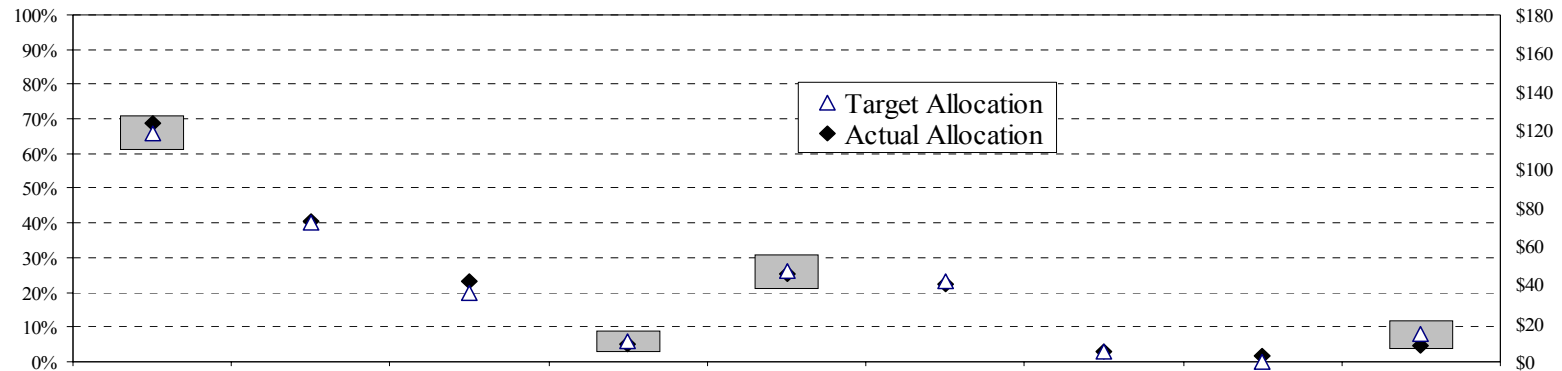
(2) Does not include Repos

(3) Excludes securities lending exposure

CalPERS

Asset Allocation as of February 28, 2006

Total Fund Market Value: **\$207,114,623,807**



	Total Equity	Domestic Equity	Non-U.S. Equity	Private Equity	Global Fixed	Domestic Fixed	Non-U.S. Fixed	Cash ²	Real Estate	Total Fund
Target Range	61-71%	N/A	N/A	3-9%	21-31%	N/A	N/A	N/A	4-12%	N/A
Strategic %	66.0%	40.0%	20.0%	6.0%	26.0%	23.0%	3.0%	0.0%	8.0%	N/A
Actual %	68.8%	40.5%	23.2%	5.1%	25.1%	22.2%	3.0%	1.6%	4.5%	N/A
Variance %	2.8%	0.5%	3.2%	(0.9%)	(0.9%)	(0.8%)	(0.0%)	1.6%	(3.5%)	N/A
Strategic \$ ³	\$136.7	\$82.8	\$41.4	\$12.4	\$53.8	\$47.6	\$6.2	\$0.0	\$16.6	N/A
Actual \$ ^{3,4}	\$142.4	\$83.8	\$48.0	\$10.6	\$52.1	\$45.9	\$6.1	\$3.4	\$9.3	N/A
Variance \$ ³	\$5.7	\$1.0	\$6.6	(\$1.9)	(\$1.8)	(\$1.7)	(\$0.1)	\$3.4	(\$7.3)	N/A
% Passive	57.5%	80.8%	29.4%	0.0%	0.0%	0.0%	0.0%	0.0%	5.0%	39.7%
% Active	42.5%	19.2%	70.6%	100.0%	100.0%	100.0%	100.0%	100.0%	95.0%	60.3%
% Internal ¹	51.6%	80.8%	12.0%	0.0%	87.7%	99.5%	0.0%	44.0%	5.0%	58.5%
% External ¹	48.4%	19.2%	88.0%	100.0%	12.3%	0.5%	100.0%	56.0%	95.0%	41.5%

MDP Venture accounts included in MDP's primary asset class. MDP Fixed and Enhanced Index Equity roll to External Domestic Equity.

¹ For cash percentage only, average over previous 6 months.

² Cash includes SMIF at STO.

³ (\$ Billion)

⁴ Based upon Trade Date Accounting as recommended by CFA Institute GIPS Standards.

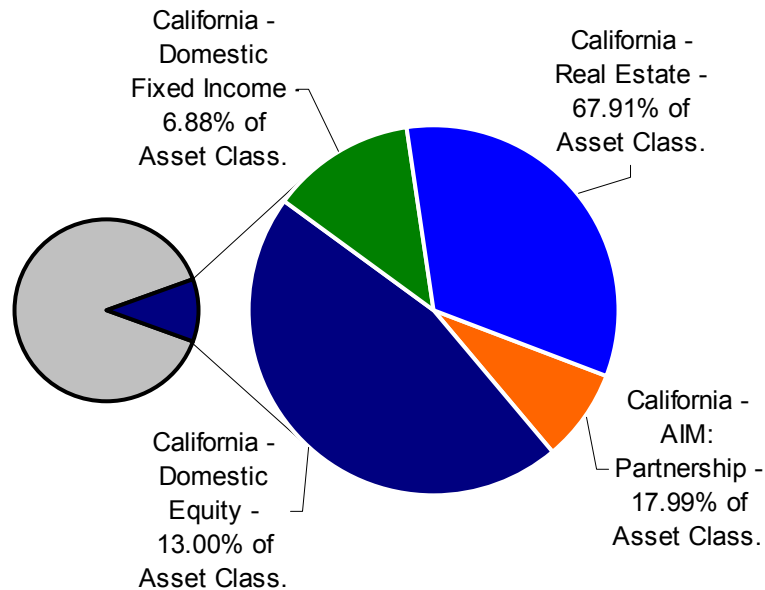
Private Equity Asset Allocation as of 02/28/2006			
Funded	\$(in Billions)	% Allocation	Target Range
Current Market Value	\$10.56	5.1%	
Unfunded Commitment	\$10.10	4.9%	
Current Market Value plus Unfunded Commitment	\$20.66	10.0%	3-9%

CalPERS Investments in the State of California – February 28, 2006

The State of California offers CalPERS a number of attractive investment opportunities. The following charts summarize the investments by asset class as of the date of this report. A detailed report on California investments is available in the supplemental reporting document.

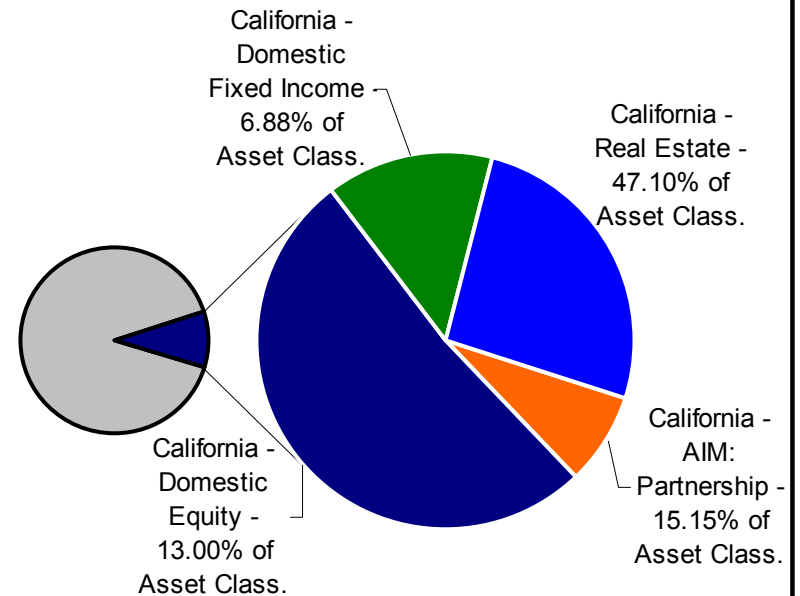
California Commitments (includes unfunded investments)

Current California Commitments at 2/28/2006 Total Fund %: 11.41%



California Investments

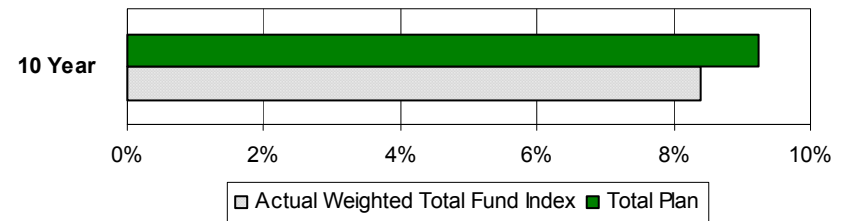
Current California Investments at 2/28/2006 Total Fund %: 10.10%



Performance Summary – February 28, 2006

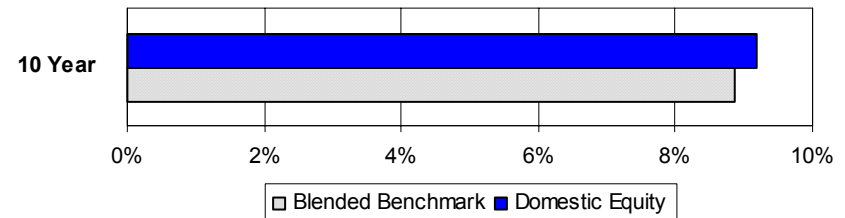
Total Plan:

Net Total Fund returns have exceeded the Policy Index in all periods shown, except for the month of February. Ten-year net returns were 9.25% versus 8.40% for the actual weighted index.



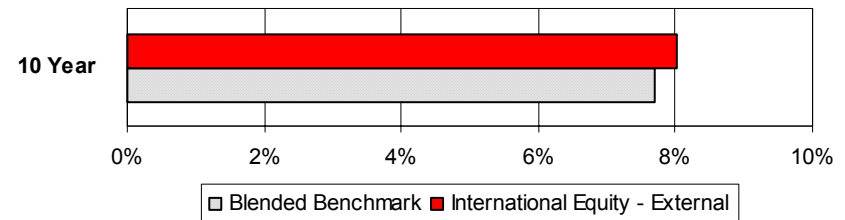
Domestic Equity:

Net Domestic Equity returns have exceeded the Blended Index in all periods shown. Ten-year net returns were 9.19% versus 8.86% for the blended benchmark.



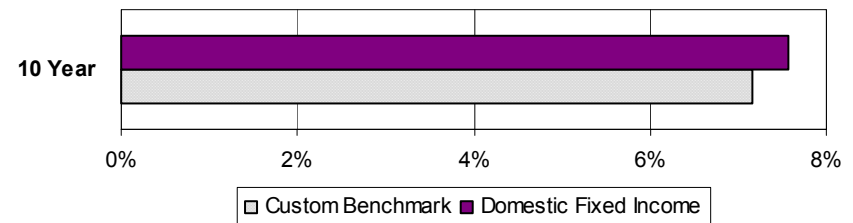
International Equity:

Net International Equity (External) returns including the currency overlay (which has hindered returns) underperformed during the past three months, calendar-year-to-date, three-year, five-year and since inception time periods, but outperformed for February, fiscal-year-to-date, one-year and ten-year time periods. Ten-year net returns were 8.02% (7.75% without currency overlay) versus 7.71% for the blended benchmark. The Internal portfolio has returned 24.69% since its 5/1/2005 inception (exceeding its benchmark of 24.30%)



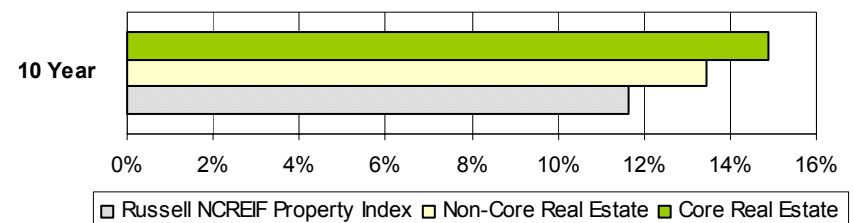
Domestic Fixed Income:

Net Domestic Fixed Income returns have exceeded the benchmark in all periods shown. Ten-year net returns were 7.58% versus 7.17% for the benchmark.



Real Estate:

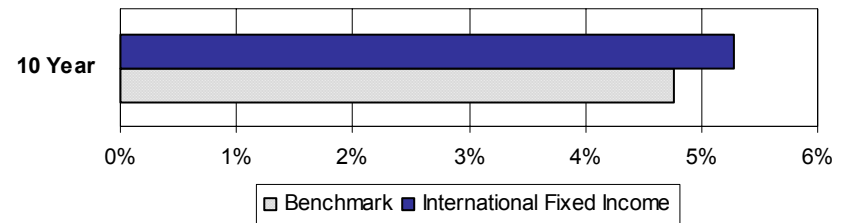
Net returns to the Core Portfolio have exceeded the NCREIF Property benchmark in all periods shown except for quarter-to-date. Non-core portfolio returns have exceeded the benchmark in all periods shown. Ten-year net returns were 14.89% for the Core Real Estate portfolio and 13.43% for Non-Core Real Estate versus 11.63% for the lagged benchmark.



Performance Summary – February 28, 2006

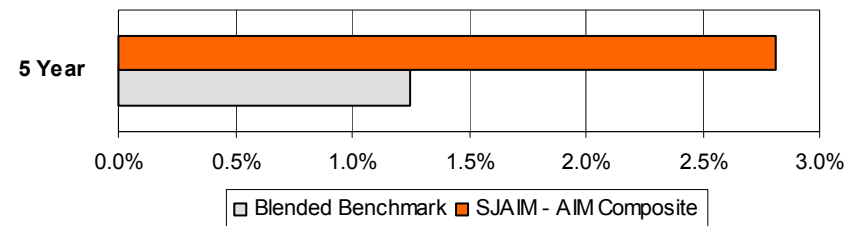
International Fixed Income:

Net International Fixed Income returns have exceeded the benchmark in all periods shown. Ten-year net returns were 5.27% versus 4.77% for the benchmark.



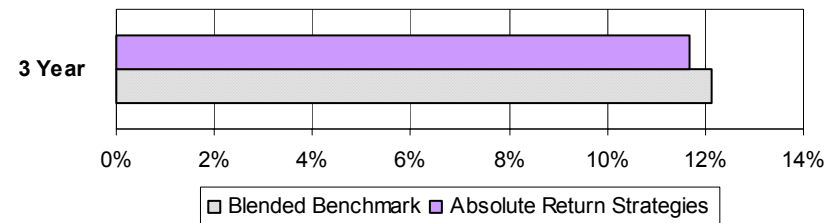
Alternative Investments:

Net returns for the Alternative Investments portfolio have exceeded the blended benchmark in all periods shown except for short-term periods. Five-year net returns are shown for the AIM Composite, which includes distributed stock (2.81% vs. 1.25%). Ten-year net returns for the AIM Partnership & Direct Composite were 13.11%, exceeding the ten-year custom blended benchmark return of 7.69%.



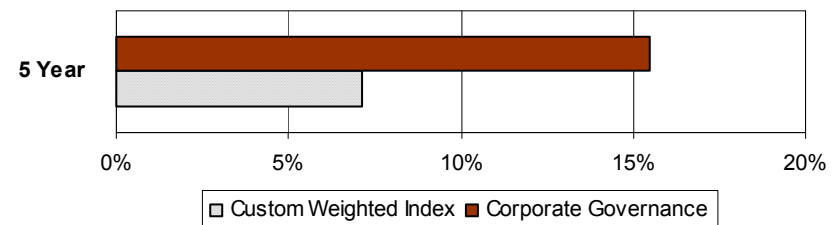
Absolute Return Strategies:

Net Absolute Return Strategies returns have outperformed all but the three-year period. Three-year net returns were 11.70% versus 12.11% for the blended benchmark.



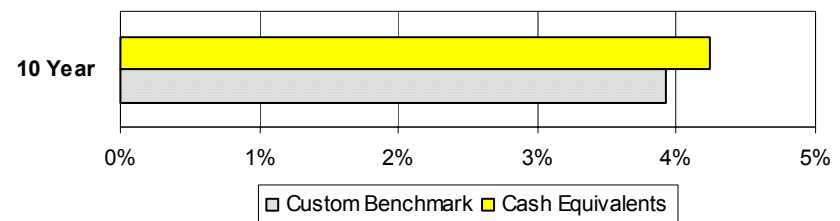
Corporate Governance:

Net returns to Corporate Governance Investments have exceeded the Custom Benchmark in all periods shown except for short-term periods. Five-year net returns were 15.49% versus 7.11% for the weighted index.



Cash Equivalents:

Net returns for the Cash Equivalents portfolio have exceeded the benchmark in all periods shown. Ten-year net returns were 4.24% versus 3.92% for the custom benchmark.



CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CIO REPORT
GROSS RATES OF RETURN
Period Ending February 28, 2006
Investment Committee Meeting April 2006

	MKT VAL (000'S)	One Month Feb 06	QTR Dec - Feb 06	FYTD 05-06	CYTD 2006	1 Year	3 Years	5 Years	10 Years
TOTAL PLAN									
SJ1CA1 TOTAL FUND	207,114,624	0.08	4.78	11.18	3.16	13.96	17.83	7.11	9.40
CALPERS POLICY INDEX		0.28	4.69	10.08	3.14	11.48	16.22	6.28	8.55
ACTUAL WEIGHTED TOTAL FUND INDEX		0.11	4.70	8.65	3.01	9.89	15.93	6.33	8.40
GLOBAL EQUITY									
DOMESTIC									
SH8CA1 TOT DOME EQ+IND HG+ENV EX VENT, HDG, CG	79,795,751	-0.08	3.38	9.96	3.35	10.52	18.81	3.78	9.21
WILSHIRE 2500 EX TOBACCO (BLENDED)		-0.10	3.33	9.71	3.35	10.29	18.72	3.50	8.86
INTERNATIONAL - EXTERNAL									
SHBCA1 INTL TOT EXT EQ+MDP+IND HG, EX OVLY EX VT	31,051,974	-0.26	11.81	24.72	6.83	21.34	31.03	8.97	7.79
SHBKA1 INTL TOT EXT EQ+MDP+IND HG+OVLY EX VT	31,105,164	0.03	11.27	25.14	6.36	23.86	30.24	8.20	8.07
CALPERS FTSE A-WX US/SSGA BLEND		-0.25	11.65	24.00	6.57	20.60	30.86	8.88	7.71
INTERNATIONAL - INTERNAL									
SWB3 INTERNAL INTERNATIONAL EQUITY INDEX	14,131,461	-0.22	10.92	22.11	6.14				
CALPERS FTSE DEV WORLD EX US & TOBACCO		-0.21	10.94	21.98	6.16				
SWCG INTERNATIONAL EQUITY TRANSITION	12,660	-3.24	12.15		9.14				
HEDGE FUND INVESTMENTS									
SNLCA1 TOTAL ARS PROGRAM COMPOSITE	2,212,548	0.79	5.64	10.46	3.94	12.04	12.00		
TOTAL ARS PROGRAM BLENDED INDEX		0.66	2.12	5.13	1.30	7.85	12.11		
CORPORATE GOVERNANCE									
SWMKA1 CORPORATE GOVERNANCE	4,074,251	-1.26	4.28	14.36	1.97	20.42	33.69	15.98	
CALPERS TOTAL CORP GOV WEIGHTED INDEX		-0.49	6.60	20.62	3.18	19.23	25.93	7.11	
MDP DOM FIXED INCOME-INVESTMENTS									
SN1KA1 MDP DOM FIXED INCOME-INVESTMENTS	181,126	0.12	1.29	0.45	0.47	2.08	4.70		
CITIGROUP BROAD INVESTMENT GRADE		0.36	1.35	0.32	0.35	2.89	3.35	5.48	6.34
GLOBAL FIXED INCOME									
DOMESTIC									
SJDKA1 TOTAL DOM FIXED	45,917,765	0.73	2.09	1.04	0.63	4.41	6.32	7.19	7.59
CALPERS CUSTOM LEH LPF		0.55	1.77	-0.36	0.29	3.42	4.49	6.64	7.17
INTERNATIONAL									
SJDCA1 TOTAL INTERNATIONAL FIXED INCOME	6,139,916	-0.29	2.87	-2.04	1.48	-5.85	6.59	8.06	5.35
CALPERS WORLD GOVT EX US		-0.62	2.48	-2.24	1.30	-6.32	5.91	7.81	4.77
CASH EQUIVALENTS									
SJVKA1 TOTAL CASH	3,356,583	0.35	1.07	2.80	0.71	3.79	2.21	2.55	4.24
CALPERS CUSTOM STIF NET OF FEES		0.34	1.06	2.58	0.70	3.53	1.99	2.25	3.92
ALTERNATIVE INVESTMENTS									
SJAIM AIM COMPOSITE	10,562,324	-0.50	5.01	13.17	5.03	28.08	15.78	2.82	
SJXKA1 AIM: PARTNERSHIP & DIRECT INVESTMENTS	10,428,669	-0.52	5.09	13.25	5.02	28.44	15.72	2.91	13.11
PERS WILSHIRE 2500/CYFU BLEND		1.81	5.53	15.44	3.65	22.59	12.78	1.25	7.69
SW2V AIM DISTRIBUTION STOCK	133,655	2.15	-0.62	-0.80	7.12	1.12	21.52	0.16	
REAL ESTATE									
SW3CA1 CORE REAL ESTATE	5,052,914	0.04	2.77	19.82	0.21	52.98	25.42	18.80	16.67
SW7KA1 TOTAL NON-CORE REAL ESTATE	4,491,359	0.22	6.52	14.93	0.75	42.18	28.22	17.52	16.25
NCREIF PROPERTY 1 QTR LAG INDEX		0.00	4.44	10.02	0.00	19.19	13.04	10.95	11.63

⁽¹⁾ SJXKA1 actual inception 3/90, returns only available since conversion to State Street Bank. Excludes MDP venture accounts in composites SW9C, SWDC.
Private Real Estate valued at prior quarter-end; Public Real Estate valued at current month-end.

This report prepared by State Street Bank

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CIO REPORT
NET RATES OF RETURN
Period Ending February 28, 2006
Investment Committee Meeting April 2006

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WILSHIRE 2500 EX TOBACCO (BLENDED)		-0.10	3.33	9.71	3.35	10.29	18.72	3.50	8.86
INTERNATIONAL - EXTERNAL									
SHBCA1 INTL TOT EXT EQ+MDP+IND HG, EX OVLY EX VT	31,051,974	-0.27	11.79	24.66	6.82	21.26	30.95	8.92	7.75
SHBKA1 INTL TOT EXT EQ+MDP+IND HG+OVLY EX VT	31,105,164	0.01	11.26	25.07	6.34	23.77	30.15	8.14	8.02
CALPERS FTSE A-W X US/SSGA BLEND		-0.25	11.65	24.00	6.57	20.60	30.86	8.88	7.71
INTERNATIONAL - INTERNAL									
SWB3 INTERNAL INTERNATIONAL EQUITY INDEX	14,131,461	-0.22	10.92	22.11	6.14				
CALPERS FTSE DEV WORLD EX US & TOBACCO		-0.21	10.94	21.98	6.16				
SWCG INTERNATIONAL EQUITY TRANSITION	12,660	-3.24	12.15		9.14				
HEDGE FUND INVESTMENTS									
SNLCA1 TOTAL ARS PROGRAM COMPOSITE	2,212,548	0.78	5.59	10.33	3.93	11.85	11.70		
TOTAL ARS PROGRAM BLENDED INDEX		0.66	2.12	5.13	1.30	7.85	12.11		
CORPORATE GOVERNANCE									
SWMKA1 CORPORATE GOVERNANCE	4,074,251	-1.28	4.22	14.28	1.89	20.21	33.05	15.49	
CALPERS TOTAL CORP GOV WEIGHTED INDEX		-0.49	6.60	20.62	3.18	19.23	25.93	7.11	
MDP DOM FIXED INCOME-INVESTMENTS									
SN1KA1 MDP DOM FIXED INCOME-INVESTMENTS	181,126	0.12	1.29	0.38	0.47	1.97	4.48		
CITIGROUP BROAD INVESTMENT GRADE		0.36	1.35	0.32	0.35	2.89	3.35	5.48	6.34
GLOBAL FIXED INCOME									
DOMESTIC									
SJDKA1 TOTAL DOM FIXED	45,917,765	0.73	2.08	1.03	0.63	4.40	6.31	7.18	7.58
CALPERS CUSTOM LEH LPF		0.55	1.77	-0.36	0.29	3.42	4.49	6.64	7.17
INTERNATIONAL									
SJDCA1 TOTAL INTERNATIONAL FIXED INCOME	6,139,916	-0.30	2.85	-2.09	1.47	-5.92	6.51	7.98	5.27
CALPERS WORLD GOVT EX US		-0.62	2.48	-2.24	1.30	-6.32	5.91	7.81	4.77
CASH EQUIVALENTS									
SJVKA1 TOTAL CASH	3,356,583	0.35	1.07	2.80	0.71	3.79	2.21	2.55	4.24
CALPERS CUSTOM STIF NET OF FEES		0.34	1.06	2.58	0.70	3.53	1.99	2.25	3.92
ALTERNATIVE INVESTMENTS									
SJAIM AIM COMPOSITE	10,562,324	-0.50	5.01	13.15	5.02	28.06	15.76	2.81	
SJXKA1 AIM: PARTNERSHIP & DIRECT INVESTMENTS	10,428,669	-0.52	5.09	13.25	5.02	28.44	15.72	2.91	13.11
PERS WILSHIRE 2500/CYFU BLEND		1.81	5.53	15.44	3.65	22.59	12.78	1.25	7.69
SW2V AIM DISTRIBUTION STOCK	133,655	2.15	-0.89	-1.94	6.82	-0.23	20.39	-0.93	
REAL ESTATE									
SW3CA1 CORE REAL ESTATE	5,052,914	0.04	2.38	16.34	0.21	42.03	21.54	16.02	14.89
SW7KA1 TOTAL NON-CORE REAL ESTATE	4,491,359	0.22	5.23	12.16	0.75	30.37	22.35	13.34	13.43
NCREIF PROPERTY 1 QTR LAG INDEX		0.00	4.44	10.02	0.00	19.19	13.04	10.95	11.63

(1) SJXKA1 actual inception 3/90, returns only available since conversion to State Street Bank. Excludes MDP venture accounts in composites SW9C, SWDC.
Private Real Estate valued at prior quarter-end; Public Real Estate valued at current month-end.

This report prepared by State Street Bank

Investment Operations Report – February 28, 2006

Status Report

- There were 2 (two) items reported
- Detailed Reporting is contained in the supplemental reporting document.

Closed Session Transactions

- There were 5 (five) closed session transactions reported to the Board in Open Session per the requirements of California Government Code Section 20191.5 and the current CalPERS Board of Administration Statement of Policy & Procedures for Closed Sessions.

Activity Reports – February 28, 2006

- Staff prepares activity reports for the AIM, Absolute Return Strategies and Opportunistic Real Estate Programs. Detailed reports and investment summaries for the AIM and Risk Managed Absolute Return Strategies are included in the supplemental reporting document. Opportunistic Real Estate Investments will be reported below as they occur.

AIM Activity Report

Activity	Month	2004	2005	2006 YTD	Since Inception
Investment Proposals Received	6	381	316	27	5808
Declined/Referred/Failed to Materialize	2	223	430	11	4604
Deals in Screening	67	397	318	27	2822
Due Diligence Reviews	29	65	58	10	541

Risk Managed Absolute Return Strategies Program Activity Report

Activity	2004	2005	2006 YTD	Since Inception
Information Received	59	59	11	568
Declined	12	7	0	242
Deals in Screening	45	58	8	311
Due Diligence Reviews	5	22	8	51
Approved by ARS Board	5	22	8	49
Funded Investments (\$ Millions)	\$149	\$783	\$340	\$1,851

Opportunistic Real Estate Investments Activity Report

Activity	Month
No Items to report	February 2006

Investment Transactions – January 31, 2006

Investment Transactions are reported to the Investment Committee for review under the requirements of California Government Code Section 20191. Information is provided in summary format in this consolidated document. Full reporting is available in the supplemental reporting document.

Portfolio Summary and Transactions Report:

- Purchases – Internal Management (Page 14)
- Sales – Internal Management (Page 15)
- Currency Hedge Portfolio Summary (Page 16)
- Currency Hedge Portfolio Transactions (Page 16)

Investment Transaction Information as of 01/31/2006: [\(full reporting is available in the supplemental reporting document\)](#)

- Fixed Income Transactions
 - Internal Domestic
 - External International and High Yield
 - Special Mortgage Investment Program Transactions
 - High Yield Performance
- Equity Summary & Transactions
 - Internal Domestic
 - Corporate Actions
 - External Domestic
 - External International
- Internal Programs
 - Closed Real Estate Transactions Summary
 - Dispositions Summaries
 - CalEast/LaSalle – Chicago Land Holdings, CalPERS equity share \$210,385.00
 - Blackrock Realty – Regency at Skyport condominium, CalPERS equity share \$1,071,413.00
 - Blackrock Realty – Regency at Skyport condominium, CalPERS equity share \$3,687,075.00
 - Blackrock Realty – Regency at Skyport condominium, CalPERS equity share \$1,810,654.00
 - IHP Fund IV – Wesport Storage, CalPERS equity share \$7,644,749.00
 - IHP Fund IV – Braddock Mini warehouse, CalPERS equity share \$1,642,000.00
 - Acquisitions Summaries
 - Buchanan Street – Hughes Airport Center II, CalPERS equity share \$28,872,960.00
 - Kennedy Associates – Hyatt Regency Islandia, CalPERS share \$24,873,807.00
 - CalEast/LaSalle – Aeroterm Cargex Air Cargo, CalPERS equity share \$1,745,756.00
 - CalEast/LaSalle – NATM Cargex Truck Terminal, CalPERS equity share \$31,834,432.00
 - Buchanan Street – Shadow Creek Town Center, CalPERS equity share \$17,076,480.00
 - CalSmart/Rreef – Rialto Industrial Center, CalPERS equity share \$964,758.00

Investment Transactions – January 31, 2006

Investment Transaction Information as of 01/31/2006 (continued): [\(full reporting is available in the supplemental reporting document\)](#)

- AIM Program Transactions
- Summary Listing of Capital Calls and Aggregate Distributions
- AIM Program Investments Completed under Delegation of Authority
 - Investment Summaries
 - ArcLight Energy Partners Fund III, LP – \$200 million commitment
 - Aisling Capital II, LP – \$80 million commitment
 - Francisco Partners II, LP – \$175 million commitment
 - KKR European Fund II, LP – €150 million commitment
 - TPG Biotechnology Partners II, LP – \$70 million commitment
 - TowerBrook Investors II, LP – \$200 million commitment
- Risk Managed Absolute Return Strategies Program Items Completed Under Delegation of Authority
 - Investment Summaries
 - SPARX Blue Diamond Fund, L.P – \$75 million initial contribution

Portfolio Summary and Transactions

INVESTMENT TRANSACTIONS SUMMARY

(\$ Millions)

January 31, 2006

PURCHASES

INTERNAL MANAGEMENT

	<u>PAR</u>	<u>COST</u>	<u>ANNUALIZED YIELD</u>	<u>%OF LONG TERM PURCHASES</u>
<u>ALTERNATIVE INVESTMENTS:</u>				
Partnership Component	275.9	\$301.9	N/A	2.29%
<u>BONDS:</u>				
Utilities & Industrials	509.2	\$524.5	5.96%	3.98%
Sovereign	<u>143.0</u>	<u>144.3</u>	4.58%	<u>1.09%</u>
Total	652.2	\$668.7		5.07%
<u>GOVERNMENTS:</u>				
U.S. Agencies & Treasuries	1,845.3	\$1,988.0	4.45%	15.07%
<u>MORTGAGE SECURITIES:</u>				
Pass-Through	694.0	\$694.0	5.73%	5.26%
CMO	<u>841.9</u>	<u>454.7</u>	6.04%	<u>3.45%</u>
Total	1,535.9	\$1,148.7		8.71%
<u>EQUITIES:</u>				
Common Stock		\$4,679.0	N/A	35.48%
EXTERNAL MANAGEMENT				
<u>EQUITIES AND FIXED INCOME:</u>				
International Common Stock		\$1,241.3	N/A	9.41%
Domestic Common Stock		1,678.6	N/A	12.73%
International Fixed Income		<u>1,483.0</u>	N/A	<u>11.24%</u>
Total		\$4,402.9		33.38%
TOTAL PURCHASES:		\$13,189.3		100%

Portfolio Summary and Transactions

INVESTMENT TRANSACTIONS SUMMARY

(\$ Millions)

January 31, 2006

SALES

INTERNAL MANAGEMENT

	<u>PAR</u>	<u>COST</u>	<u>PROCEEDS</u>	<u>GAIN/ LOSS</u>
<u>ALTERNATIVE INVESTMENTS:</u>				
Partnership Component	10.0	\$0.3	\$0.3	\$0.0
<u>BONDS:</u>				
Utilities & Industrials	75.6	\$102.5	\$108.2	\$5.6
Sovereign	<u>66.7</u>	<u>80.9</u>	<u>80.6</u>	<u>(0.2)</u>
Total	142.3	\$183.4	\$188.8	\$5.4
<u>GOVERNMENTS:</u>				
U.S. Agencies & Treasuries	663.5	\$696.3	\$687.4	(\$8.9)
<u>MORTGAGE SECURITIES:</u>				
Pass-Through	437.5	\$443.2	\$443.4	\$0.2
CMO	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>\$0.0</u>
Total	437.5	\$443.2	\$443.4	\$0.2
<u>EQUITIES:</u>				
Common Stock		\$3,817.7	\$4,534.9	\$717.2
EXTERNAL MANAGEMENT				
<u>EQUITIES AND FIXED INCOME:</u>				
International Common Stock		\$1,196.4	\$1,473.8	\$277.3
Domestic Common Stock		1,254.7	1,348.1	93.4
International Fixed Income		<u>800.3</u>	<u>801.1</u>	<u>0.8</u>
Total		\$3,251.4	\$3,623.0	\$371.5
TOTAL SALES:		\$8,392.4	\$9,477.8	\$1,085.4

Portfolio Summary and Transactions

CURRENCY HEDGE PORTFOLIO SUMMARY

(\$ Millions)

January 31, 2006

<u>PENDING FX CONTRACTS</u>	<u>COST</u>	<u>MARKET VALUE</u>
Total FX Purchased	\$2,596.7	\$2,616.2
Total FX Sold	\$8,437.7	\$8,434.9

CURRENCY OPTIONS

Currency Puts	\$24.0	\$24.0
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"For FX purchased, a market value higher than book value means the contracts have an unrealized gain as of the valuation date. For FX sold, a market value lower than book value means the contracts have an unrealized gain as of the valuation date."

CURRENCY HEDGE TRANSACTION SUMMARY

(\$ Millions)

January 31, 2006

<u>PURCHASES</u>	<u>COST</u>
Pending FX Contracts	\$3,672.0

<u>SALES</u>	<u>PROCEEDS</u>
Pending FX Contracts	\$3,160.5

Affiliate Funds Report- February 28, 2006

Staff has compiled the following investment transaction and portfolio summary reports prepared by the Custodian for the Affiliate Funds for the month ending February 28, 2006.

Affiliate Funds Allocation and Transaction Reports: [\(full reporting is available in the supplemental reporting document\)](#)

Legislators' Retirement Fund:

<u>Asset</u>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
AFFILIATE TIPS	\$141,046,534	52.201	\$139,974,092	50.387
LEG-INTERNATIONAL - SSGA	\$7,616,850	2.819	\$13,354,133	4.807
LEGISTRATORS RETIREMENT TOTAL FUND	\$121,537,711	44.980	\$124,472,399	44.806
TOTAL	<u>\$270,201,096</u>	100.000	<u>\$277,800,623</u>	100.000

Judges' Retirement Fund:

<u>Asset</u>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
JUD-INTERNAL SHORT TERM - CALPERS	\$35,349	100.000	\$35,349	100.000
TOTAL	<u>\$35,349</u>	100.000	<u>\$35,349</u>	100.000

Affiliate Funds Report- February 28, 2006

Judges II Retirement Fund:

<u>Asset</u>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
JUDGES II - INTERNATIONAL - SSGA	\$22,488,286	13.082	\$39,136,445	20.044
JUDGES II TOTAL FUND	\$149,416,369	86.918	\$156,113,635	79.956
TOTAL	<u>\$171,904,655</u>	100.000	<u>\$195,250,081</u>	100.000

Public Employees' Medical & Hospital Care Act Contingency Reserve Fund:

<u>Asset</u>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
CRF INTERNAL SHORT TERM - CALPERS	\$6,835,463	100.000	\$6,835,463	100.000
TOTAL	<u>\$6,835,463</u>	100.000	<u>\$6,835,463</u>	100.000

Volunteer Firefighters Length of Service Award Fund:

<u>Asset</u>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
VFF INTERNAL SHORT TERM - CALPERS	\$2,903,969	100.000	\$3,092,464	100.000
TOTAL	<u>\$2,903,969</u>	100.000	<u>\$3,092,464</u>	100.000

Affiliate Funds Report- February 28, 2006

Supplemental Contribution Fund:

<u>Asset</u>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
SCP TOTAL FUND	\$16,742,548	87.056	\$17,629,314	80.874
SUPPLEMENTAL CONTRIBUTION - INTL EQUITY	\$2,489,456	12.944	\$4,169,151	19.126
TOTAL	<u>\$19,232,004</u>	100.000	<u>\$21,798,465</u>	100.000

Self Fund Health Care:

<u>Asset</u>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
SELF FUND HEALTH - CALPERS	\$92,624,288	100.000	\$92,525,002	100.000
TOTAL	<u>\$92,624,288</u>	100.000	<u>\$92,525,002</u>	100.000